

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Township of Saugatuck
Allegan County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended June 30, 2005

CONTENTS

	<i>Page</i>
MANAGEMENT'S DISCUSSION AND ANALYSIS	i - vii
INDEPENDENT AUDITORS' REPORT	3 - 4
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net assets	5
Statement of activities	6
Fund financial statements:	
Balance sheet - Governmental funds	7
Statement of revenues, expenditures, and changes in fund balances - governmental funds	8 - 9
Statement of net assets - proprietary fund	10
Statement of revenues, expenses and changes in fund net assets - proprietary fund	11
Statement of cash flows - proprietary fund	12
Notes to financial statements	13 - 22
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	23
Road Fund	24
Fire Fund	25
Schedule of funding progress - Employee Retirement System	26
SUPPLEMENTARY INFORMATION	
Combining balance sheet - nonmajor governmental funds	27
Combining statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds	28
OTHER SUPPLEMENTARY DATA	
Schedules of bond retirement and annual interest requirements	29 - 31

MANAGEMENT'S DISCUSSION AND ANALYSIS

Township of Saugatuck
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is intended as a narrative overview of the Township of Saugatuck's operations over the fiscal year and its financial condition on June 30, 2005.

FINANCIAL HIGHLIGHTS

- The Township's total net assets increased \$429,741 (9 percent) as a result of this year's operations.
- Of the \$5,287,003 total net assets reported, \$335,301 (6 percent) is unrestricted, or available to be spent at the discretion of the Board.
- The General Fund's unreserved undesignated fund balance at the end of the fiscal year was \$335,301, which represents 78 percent of the actual total General Fund expenditures for the fiscal year.

Overview of the financial statements

The Township's basic financial statements are comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
 - The governmental funds statements tell how general government services like public works and public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business. The Township has one proprietary fund to account for building and related inspections.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets - the difference between the Township's assets and liabilities - is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township you need to consider additional nonfinancial factors such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements present *Governmental activities*. Most of the Township's basic services are included here, such as general government, public works, parks, etc. Property taxes and intergovernmental revenues generally fund these services.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and other revenues.

The Township has two kinds of funds:

- *Government Funds.* Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out and, (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship between them.
- *Proprietary Funds.* Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information. In fact, the Township's enterprise fund (one type of proprietary fund) is the same as its business-type activities but provides more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Net Assets. Total net assets at the end of the fiscal year were \$5,287,003, an increase of 9% over the prior year. However, \$3,549,226 of this total is invested in capital assets, and \$1,402,476 million is restricted for perpetual care, public safety, public works, health and welfare, capital projects and debt service. Consequently, unrestricted net assets were \$335,301, 6% of the total.

Condensed financial information
Net Assets

	<u>2005</u>	<u>2004</u>
Current assets	\$ 1,543,550	\$ 1,462,582
Noncurrent assets	<u>6,105,982</u>	<u>5,838,415</u>
Total assets	<u>7,649,532</u>	<u>7,300,997</u>
Current liabilities	256,529	207,736
Noncurrent liabilities	<u>2,106,000</u>	<u>2,236,000</u>
Total liabilities	<u>2,362,529</u>	<u>2,443,736</u>
Net assets:		
Invested in capital assets, net of related debt	3,549,226	3,034,554
Restricted	1,402,476	1,488,463
Unrestricted	<u>335,301</u>	<u>334,244</u>
Total net assets	<u>\$ 5,287,003</u>	<u>\$ 4,857,261</u>

Changes in net assets. The Township's total revenues are \$2,188,623. Approximately 55% of the Township's revenues come from property taxes while 21% comes from charges for services. State shared revenue represents only 7% of the Township's total revenues.

Township of Saugatuck
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed financial information
Changes in net assets

	<u>2005</u>	<u>2004</u>
Program revenues:		
Charges for services	\$ 469,118	\$ 355,448
Operating grants and contributions	23,234	112,491
Capital grants and contributions	292,051	16,479
General revenues:		
Property taxes	1,205,010	1,131,227
Franchise fees	14,047	-
State shared revenue	162,761	754,984
Interest income	17,878	149,750
Miscellaneous	4,524	12,953
Total revenues	<u>2,188,623</u>	<u>2,533,332</u>
Expenses:		
Legislative	905	1,108
General government	379,472	381,795
Public safety	475,926	383,988
Public works	457,839	798,815
Health and welfare	4,832	-
Community and economic development	105,422	108,863
Culture and recreation	237,009	135,971
Interest	97,476	-
Total expenses	<u>1,758,881</u>	<u>1,810,540</u>
Increase in net assets	<u>\$ 429,742</u>	<u>\$ 722,792</u>

Governmental activities. Governmental activities increased the Township's net assets by \$429,742. The increase is due to the fact that general revenues exceeded the net cost of providing governmental services.

The cost of all governmental activities this year was \$1,758,881. After subtracting the direct charges to those who directly benefited from the programs (\$469,118) and operating and capital grants (\$315,285) the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$974,478.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,259,702, an increase of \$137,224 in comparison with the prior year.

The General Fund is the chief operating fund of the Township. At the end of the fiscal year, unreserved fund balance was \$335,301, which represents 78 percent of the actual total General Fund expenditures for the current fiscal year. The fund balance increased by \$72,358 during the fiscal year primarily due to increases in revenues as reflected most prominently in property taxes, penalties and interest on taxes, and tax administrative fees. Total property tax revenues increased by \$32,657.

Township of Saugatuck
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS (Continued)

The Road Fund experienced a decrease in fund balance of \$166,392. This decrease was a result of significant road projects costs that were incurred during the year, including reconstruction on 126th, 131st, and 133rd Avenues.

The Water Debt Fund experiences a decrease in fund balance of \$1,921. Assessments and debt service charges collected on behalf of the Township are being used to pay on-going debt service expenses on two bond issues, with payments due through the year 2017, totaling about \$1,287,976.

The Sewer Debt Fund experienced an increase in fund balance of \$195,932. The Sewer Debt Fund had significant increases in their fund balances this year, principally from connection charges from new customers to the sewer system. Assessments and debt service charges collected on behalf of the Township are being used to pay on-going debt service expenses on a single bond issue, with payments due through the year 2022, totaling about \$1,775,978.

Proprietary fund. The Building Inspection Fund experienced a decrease in net assets of \$20,214 because inspection fees were insufficient to cover the full cost of providing the inspection services. Net assets are \$23,650 at year end.

General fund budgetary highlights

The difference between the original budget and the final amended budget for expenditures was an increase of \$26,100 primarily due to an increase in professional fees in the Planning and Zoning Department.

Actual expenditures were \$77,575 less than budgeted. The difference between the actual and budgeted amounts can be attributed to lower than anticipated expenditures for employee benefits, parks, and the Supervisor's Department.

Capital asset and debt administration

Capital assets.

The Township's investment in capital assets as of June 30, 2005, amounts to \$4,494,226 (net of accumulated depreciation). This investment includes a broad range of assets including land, buildings, equipment, sewer and water systems, and shared cost of road projects. The increase in the Township's net investment in capital assets for the current fiscal year was \$454,671, 11% over the prior year.

Major capital asset events during the current fiscal year included the following:

- Completion of the Riverside Drive Sewer Connection totaling \$83,196
- Completion of the 126th Ave., 131st Ave., 133rd Ave., and the Allegan/Maple Street road projects, with a \$461,238 Township share of the total costs
- \$9,064 for dog park improvements
- \$18,000 for cemetery irrigation and well installation

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

Township of Saugatuck
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Long-term debt.

At year end, the Township had \$2,190,000 in outstanding bonds payable included in its governmental activities, and comprised of three limited tax and revenue bond issues, all of which are secured by special assessments on benefited properties. More detailed information about the Township's long-term debt is presented in Note 8 of the notes to the basic financial statements.

Economic condition and outlook

The Village of Douglas became a City during fiscal year 2005. At the time of City incorporation, Douglas taxpayers were contributing approximately 37.7% of the property tax revenues of the Township. This occurrence will result in the following consequences:

- Reduced General Fund property tax revenues.
- Reduced tax administrative fees and penalties and interest on taxes since the Township will no longer be billing and collecting school, county, and other taxes from City of Douglas taxpayers.

An unknown consequence is the matter of division of assets between the City and the Township. The Township position is that there are no divisible assets while the City is claiming that there are assets which must be shared with the City. At this time, a final determination and a time of agreement is unknown.

Positive factors going forward:

- The Township has a healthy General Fund fund balance which is available for unforeseen expenditures.
- Legal expenditures should be considerably reduced since the Township has been a litigant in a Zoning case since 2003 which has been litigated in the Circuit Court, the Michigan Court of Appeals, and the Michigan Supreme Court. The case is close to resolution.
- New construction and a subsequent increase of taxable valuations will increase property tax revenues for General Fund purposes.
- The Township conducted a mid-decade census in 2005. The population increased approximately 26% since the year 2000. It has been the practice of the State Legislature to increase state shared revenues proportionately to all communities with an official population increase in excess of 10%. If the Legislature appropriates the necessary funds, the Township will receive annual increases in state shared revenues for the five fiscal years from 2006 through 2010.

Contacting the Township's financial management

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors and creditors, and to demonstrate the Township's accountability for the money it receives. Questions regarding any information provided in this report or request for additional financial information should be addressed to:

Township of Saugatuck
Phil Quade, Township Manager
3461 Blue Star Highway
Saugatuck, Michigan 49453

Phone: (269) 857-7721

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Saugatuck, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Saugatuck, Michigan, as of June 30, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Saugatuck, Michigan, as of June 30, 2005, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis, budgetary comparison schedules, and the schedule of funding progress of the employee retirement system, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Board of Trustees
Township of Saugatuck, Michigan
Page 2**

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Township of Saugatuck, Michigan's basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Township of Saugatuck, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Siegfried Crandall P.C.

September 7, 2005

BASIC FINANCIAL STATEMENTS

Township of Saugatuck
STATEMENT OF NET ASSETS
June 30, 2005

	<i>Governmental activities</i>
ASSETS	
Current assets:	
Cash	\$ 1,222,381
Investments	119,886
Receivables, net	188,585
Prepaid expenses	<u>12,698</u>
Total current assets	<u>1,543,550</u>
Noncurrent assets:	
Receivables, net	1,611,756
Capital assets, net of accumulated depreciation	<u>4,494,226</u>
Total noncurrent assets	<u>6,105,982</u>
Total assets	<u>7,649,532</u>
LIABILITIES	
Current liabilities:	
Payables	126,529
Long-term debt	<u>130,000</u>
Total current liabilities	<u>256,529</u>
Noncurrent liabilities:	
Deferred revenue	46,000
Long-term debt	<u>2,060,000</u>
Total noncurrent liabilities	<u>2,106,000</u>
Total liabilities	<u>2,362,529</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,549,226
Restricted for:	
General government	98,865
Public safety	23,650
Public works	2,340
Health and welfare	19,722
Capital projects	143,739
Debt service	1,114,160
Unrestricted	<u>335,301</u>
Total net assets	<u>\$ 5,287,003</u>

See notes to financial statements

Township of Saugatuck
STATEMENT OF ACTIVITIES
Year ended June 30, 2005

Functions/Programs	Program revenues				Net (expenses) revenues and changes in net assets
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities
Governmental activities:					
Legislative	\$ 905	\$ -	\$ -	\$ -	\$ (905)
General government	379,472	155,067	14,150	-	(210,255)
Public safety	475,926	108,574	-	-	(367,352)
Public works	457,839	3,880	-	158,015	(295,944)
Health and welfare	4,832	-	-	-	(4,832)
Community and economic development	105,422	27,978	-	-	(77,444)
Culture and recreation	237,009	57,822	9,084	3,933	(166,170)
Debt service - interest	97,476	115,797	-	130,103	148,424
Total governmental activities	<u>\$ 1,758,881</u>	<u>\$ 469,118</u>	<u>\$ 23,234</u>	<u>\$ 292,051</u>	<u>(974,478)</u>
General revenues:					
Property taxes					1,205,010
State shared revenue					162,761
Investment income					17,878
Franchise fees					14,047
Other					<u>4,524</u>
Total general revenues					<u>1,404,220</u>
Change in net assets					429,742
Net assets - beginning					<u>4,857,261</u>
Net assets - ending					<u>\$ 5,287,003</u>

See notes to financial statements

Township of Saugatuck
BALANCE SHEET - governmental funds
June 30, 2005

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Water Debt</u>
ASSETS				
Cash	\$ 237,943	\$ 31,977	\$ -	\$ 271,410
Investments	119,816	22	-	-
Receivables	53,651	-	-	429,326
Prepaid expenses	12,698	-	-	-
Total assets	<u>\$ 424,108</u>	<u>\$ 31,999</u>	<u>\$ -</u>	<u>\$ 700,736</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 42,807	\$ 29,659	\$ -	\$ -
Deferred revenue	46,000	-	-	429,326
Total liabilities	88,807	29,659	-	429,326
Fund balances:				
Unreserved, undesignated	335,301	2,340	-	271,410
Total liabilities and fund balances	<u>\$ 424,108</u>	<u>\$ 31,999</u>	<u>\$ -</u>	<u>\$ 700,736</u>

Fund balances - total governmental funds

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Long-term liabilities, including bonds and contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Enterprise fund net assets have been presented in *governmental activities* for reporting purposes.

Net assets of *governmental activities* (page 5)

<u>Sewer Debt</u>	<u>Nonmajor governmental funds</u>	<u>Totals</u>
\$ 388,325	\$ 269,076	\$ 1,198,731
-	48	119,886
1,296,099	21,265	1,800,341
<u>-</u>	<u>-</u>	<u>12,698</u>
<u>\$ 1,684,424</u>	<u>\$ 290,389</u>	<u>\$ 3,131,656</u>

\$ -	\$ 28,063	\$ 100,529
<u>1,296,099</u>	<u>-</u>	<u>1,771,425</u>

1,296,099	28,063	1,871,954
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<u>388,325</u>	<u>262,326</u>	<u>1,259,702</u>
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<u>\$ 1,684,424</u>	<u>\$ 290,389</u>	<u>\$ 3,131,656</u>
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\$ 1,259,702

4,494,226

1,725,425

(26,000)

(2,190,000)

23,650

\$ 5,287,003

See notes to financial statements

Township of Saugatuck
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds
Year ended June 30, 2005

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Water Debt</u>
REVENUES				
Taxes	\$ 230,256	\$ 486,763	\$ 346,317	\$ -
Licenses and permits	17,768	-	-	-
State grants	162,761	-	-	-
Contributions from local units	-	-	-	-
Charges for services	48,361	-	-	27,249
Interest and rentals	19,811	1,974	-	33,359
Other	22,658	-	-	49,436
	<u>501,615</u>	<u>488,737</u>	<u>346,317</u>	<u>110,044</u>
Total revenues				
EXPENDITURES				
Legislative	905	-	-	-
General government	253,345	-	-	16,187
Public safety	3,183	-	346,317	-
Public works	22,336	655,129	-	-
Health and welfare	-	-	-	-
Community and economic development	105,422	-	-	-
Culture and recreation	23,583	-	-	-
Capital outlay	20,483	-	-	-
Debt service:				
Principal	-	-	-	60,000
Interest	-	-	-	35,778
	<u>429,257</u>	<u>655,129</u>	<u>346,317</u>	<u>111,965</u>
Total expenditures				
NET CHANGE IN FUND BALANCES	72,358	(166,392)	-	(1,921)
FUND BALANCES - BEGINNING	<u>262,943</u>	<u>168,732</u>	<u>-</u>	<u>273,331</u>
FUND BALANCES - ENDING	<u>\$ 335,301</u>	<u>\$ 2,340</u>	<u>\$ -</u>	<u>\$ 271,410</u>

<u>Sewer Debt</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ -	\$ 233,154	\$ 1,296,490
-	-	17,768
-	-	162,761
-	37,495	37,495
107,894	257,287	440,791
90,776	2,395	148,315
144,163	32,473	248,730
<u>342,833</u>	<u>562,804</u>	<u>2,352,350</u>
-	-	905
16,176	74,372	360,080
-	-	349,500
1,027	224,075	902,567
-	4,832	4,832
-	-	105,422
-	203,283	226,866
-	18,995	39,478
70,000	-	130,000
59,698	-	95,476
<u>146,901</u>	<u>525,557</u>	<u>2,215,126</u>
195,932	37,247	137,224
<u>192,393</u>	<u>225,079</u>	<u>1,122,478</u>
<u>\$ 388,325</u>	<u>\$ 262,326</u>	<u>\$ 1,259,702</u>

See notes to financial statements

Township of Saugatuck
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds (Continued)
Year ended June 30, 2005

	<u>Total governmental funds</u>
Net change in fund balances - total governmental funds	\$ 137,224
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their useful lives as depreciation expense. This is the amount by which capital outlays (\$571,498) exceeded depreciation (\$116,827).	454,671
Because some special assessments will not be collected until subsequent periods, they are not considered available revenues and are deferred in the governmental funds. Deferred special assessment revenues decreased by this amount this year.	(269,939)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,000)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	130,000
The change in enterprise fund net assets has been presented in <i>governmental activities</i> for reporting purposes.	<u>(20,214)</u>
Change in net assets - <i>governmental activities</i> (page 6)	<u>\$ 429,742</u>

See notes to financial statements

Township of Saugatuck
STATEMENT OF NET ASSETS - *proprietary fund*
June 30, 2005

	<u><i>Building inspections</i></u>
ASSETS	
Current assets - cash	\$ <u>23,650</u>
NET ASSETS	23,650

Amounts reported for business-type activities in the government-wide statement of net assets (page 5) are different because:

Assets and liabilities of the Building Inspections Fund have been combined with those of <i>governmental activities</i> .	<u>(23,650)</u>
Net assets of business-type activities	<u>\$ -</u>

See notes to financial statements

Township of Saugatuck
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS - *proprietary fund*
Year ended June 30, 2005

	<u>Building inspections</u>
OPERATING REVENUES	
Licenses and permits	\$ 106,212
OPERATING EXPENSES	
Public safety	<u>126,426</u>
CHANGE IN NET ASSETS	(20,214)
NET ASSETS - BEGINNING	<u>43,864</u>
NET ASSETS - ENDING	<u>\$ 23,650</u>
 Change in net assets	 \$ (20,214)
 Amounts reported for business-type activities in the government-wide statement of activities (page 6) are different because:	
 Revenues and expenses of the Building Inspections Fund have been combined with those of the <i>governmental activities</i> .	
	<u>20,214</u>
 Change in net assets of <i>governmental activities</i>	 <u>\$ -</u>

See notes to financial statements

Township of Saugatuck
STATEMENT OF CASH FLOWS - proprietary fund
Year ended June 30, 2005

	<u><i>Building inspections</i></u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 106,212
Payments to suppliers	(84,826)
Payments to employees	<u>(41,600)</u>
NET INCREASE IN CASH	(20,214)
CASH - BEGINNING	<u>43,864</u>
CASH - ENDING	<u>\$ 23,650</u>

See notes to financial statements

Township of Saugatuck
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Saugatuck, Michigan (the Township), conform to U.S. generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a blended or discretely-presented component unit in the Township's financial statements.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for the governmental and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported in separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Township of Saugatuck
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund accounts for the financial resources used for the construction and maintenance of roads. Revenues are primarily derived from property taxes.

The Fire Fund accounts for the financial resources used for the operational costs of the Township public safety functions. Revenues are primarily derived from property taxes.

The Water Debt Fund accounts for the issuance and payment of debt related to water improvements.

The Sewer Debt Fund accounts for the issuance and payment of debt related to sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their enterprise funds, subject to the same limitations. The government has elected not to follow subsequent private-sector standards.

Amounts reported as program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Township of Saugatuck
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits and investments - Cash is considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is proportionately allocated to all funds.

ii) Receivables and payables - No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide financial statements.

iv) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Township has elected to use the prospective method of accounting for infrastructure assets whereby it will capitalize its infrastructure assets beginning July 1, 2003, as permitted by GASB Statement No. 34.

The Township includes shared road costs in its infrastructure assets. These costs represent the Township's portion of public road improvements for roads within the Township, which are owned by the County of Allegan.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 - 50 years
Equipment	3 - 20 years
Sewer and water systems	50 years
Shared road costs	20 years

Township of Saugatuck
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

v) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vii) *Special assessment recognition:*

In governmental funds, special assessment revenue is recorded as deferred when initially assessed. Revenues are recognized to the extent that special assessments are collected. Interest income on special assessments receivable is not accrued until its due date.

viii) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the functional level. Amounts encumbered for purchase orders, contracts, etc., are tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of expenditures over appropriations in budgeted funds - The following schedule sets forth significant budget variances:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Community and economic development	\$ 93,328	\$ 105,422	\$ (12,094)
	Capital outlay	18,000	20,483	(2,483)
Road	Public works	486,000	655,129	(169,129)
Community recreation	Culture and recreation	84,685	203,283	(118,598)

Township of Saugatuck
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND INVESTMENTS:

At June 30, 2005, cash and investments are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash	\$ 1,222,381
Investments	<u>119,886</u>
Total cash and investments	<u>\$ 1,342,267</u>

At June 30, 2005, cash and investments consist of the following:

Deposits with financial institutions	\$ 1,222,281
Investments	119,886
Cash on hand	<u>100</u>
Total cash and investments	<u>\$ 1,342,267</u>

a) Deposits with financial institutions:

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At June 30, 2005, \$1,020,757 of the Township's bank balances of \$1,120,757 was exposed to custodial credit risk because it was uninsured and uncollateralized.

b) Investments:

State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper, with three (3) highest rate classifications by at least two (2) rating services, maturing not later than 270 days; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; and e) qualified investment pools. Not more than 50% of any fund may be invested in commercial paper.

The Township's investments consist of holdings in a local governmental investment pool (the Pool). The Pool is an external pooled investment fund, which holds qualified investments for local governments. The Pool is not regulated by, nor is it registered with, the SEC. The fair value of the Township's investment in this pool is reported at amounts based upon the Township's pro-rata share of the fair value provided by the Pool for the entire Pool portfolio (in relation to the amortized cost of that portfolio). The Township's holdings are carried at cost, which approximates fair value.

Township of Saugatuck
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Special assessments</u>	<u>Intergovern- mental</u>	<u>Totals</u>
General	\$ -	\$ 53,651	\$ 53,651
Water Debt	429,326	-	429,326
Sewer Debt	1,296,099	-	1,296,099
Nonmajor governmental	-	21,265	21,265
Totals	\$ 1,725,425	\$ 74,916	\$ 1,800,341
 Noncurrent portion	 \$ 1,611,756	 \$ -	 \$ 1,611,756

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2005, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 215,057	\$ -	\$ -	\$ 215,057
Capital assets being depreciated:				
Land improvements	179,901	27,064	-	206,965
Buildings	172,884	-	-	172,884
Equipment	59,830	-	-	59,830
Sewer and water system	3,155,317	83,196	-	3,238,513
Shared cost of roads	609,438	461,238	-	1,070,676
Subtotal	4,177,370	571,498	-	4,748,868
Less accumulated depreciation for:				
Land improvements	84,698	8,816	-	93,514
Buildings	44,662	3,890	-	48,552
Equipment	16,718	4,415	-	21,133
Sewer and water system	183,940	56,032	-	239,972
Shared cost of roads	22,854	43,674	-	66,528
Subtotal	352,872	116,827	-	469,699
Total capital assets being depreciated, net	3,824,498	454,671	-	4,279,169
Governmental activities capital assets, net	\$ 4,039,555	\$ 454,671	\$ -	\$ 4,494,226

Township of Saugatuck
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to programs of the Township as follows:

Governmental activities:	
General government	\$ 10,327
Public works	99,706
Culture and recreation	<u>6,794</u>
Total governmental activities	<u>\$ 116,827</u>

NOTE 6 - PAYABLES:

Payables as of year end for the Township's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 27,880	\$ 14,383	\$ 545	\$ 42,808
Road	-	-	29,659	29,659
Nonmajor governmental	<u>2,810</u>	<u>2,306</u>	<u>22,947</u>	<u>28,063</u>
Totals	<u>\$ 30,690</u>	<u>\$ 16,689</u>	<u>\$ 53,151</u>	<u>\$ 100,530</u>

NOTE 7 - DEFERRED REVENUE:

As of June 30, 2005, the various components of deferred revenue are as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
Tower lease	\$ 46,000	\$ -	\$ 46,000
Water debt special assessments	-	429,326	429,326
Sewer debt special assessments	<u>-</u>	<u>1,296,099</u>	<u>1,296,099</u>
Total deferred revenue	<u>\$ 46,000</u>	<u>\$ 1,725,425</u>	<u>\$1,771,425</u>

Township of Saugatuck
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM DEBT:

At June 30, 2005, long-term debt is comprised of the following individual issues:

Governmental activities

Bonds payable:

\$775,000 1998 special assessment limited tax bonds - payable in annual installments ranging from \$35,000 to \$50,000, plus interest at 5.10%; final payment due April 2017, secured by assessments and full faith and credit of the Township \$ 525,000

\$520,000 1998 water supply system revenue bonds - payable in annual installments ranging from \$25,000 to \$50,000, plus interest at 5.10%; final payment due April 2017, secured by assessments 420,000

\$1,385,000 2002 special assessment limited tax bonds - payable in annual installments ranging from \$70,000 to \$75,000, plus interest at 5.50%; final payment due April 2022, secured by assessments and full faith and credit of the Township 1,245,000

Total governmental activities long-term debt \$ 2,190,000

Long-term debt activity for the year ended June 30, 2005, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
1998 limited tax bonds	\$ 560,000	\$ -	\$ 35,000	\$ 525,000	\$ 35,000
1998 revenue bonds	445,000	-	25,000	420,000	25,000
2002 limited tax bonds	<u>1,315,000</u>	<u>-</u>	<u>70,000</u>	<u>1,245,000</u>	<u>70,000</u>
Total governmental activities long-term debt	<u>\$ 2,320,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 2,190,000</u>	<u>\$ 130,000</u>

At June 30, 2005, debt service requirements were as follows:

	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ended June 30:		
2006	\$ 130,000	\$ 104,394
2007	130,000	98,110
2008	135,000	92,254
2009	135,000	86,066
2010	135,000	79,884
2011 - 2015	800,000	294,820
2016 - 2020	575,000	107,176
2021 - 2025	<u>150,000</u>	<u>11,250</u>
	<u>\$2,190,000</u>	<u>\$873,954</u>

Township of Saugatuck
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - JOINT VENTURES:

a) Township of Saugatuck Fire District:

The Township of Saugatuck Fire District (the District) is a joint venture of the Township, the City of Saugatuck, and the City of the Village of Douglas. The administrative board of the District consists of five members, two at-large members and one member from each of the three participating units. The budget of the District is approved at a joint meeting of the participating units. The participating units levy special millages for fire protection that are used to finance the costs of operations and capital expenditures of the District. During the year ended June 30, 2005, the Township contributed \$346,317 to the District. Complete audited financial statements for the District can be obtained from the Township's Clerk.

b) Interurban Transit Authority:

The Interurban Transit Authority (the Authority) is a joint venture of the Township, the City of Saugatuck, and the City of the Village of Douglas. The Authority's administrative board consists of six members, two members appointed by each of the three participating units. The participating units levy special millages for public transportation, which are contributed to the Authority and used to finance its costs of operations. During the year ended June 30, 2005, the Township contributed \$117,392 to the Authority. Financial information for the Authority can be obtained from the Township's Clerk.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM:

Plan description and provisions:

All of the Township's full-time employees participate in the Michigan Municipal Employees' Retirement System (the System), a multi-employer public retirement system.

All full-time employees of the Township are eligible to participate in the System. There are currently two retired beneficiaries receiving benefits from the System in the form of monthly payments. There is one terminated employee who is entitled to benefits but is not yet receiving benefits. In addition, there are currently three active participants, some of whom are fully vested. Employees who retire at or after age sixty with ten years of credited service are entitled to a retirement benefit, payable monthly for life equal to 2.25% of final average compensation, with a maximum benefit of 80% of final average compensation. Final average compensation is the employee's average salary over the last five years of credited service. Benefits fully vest upon reaching ten years of service. Vested employees may retire at or after age fifty with specified years of credited service and receive reduced retirement benefits. The System also provides death and total disability benefits and certain post-retirement adjustments to the amount of retirement benefits.

The Township is required by state statute to contribute actuarially determined amounts necessary to pay benefits when due. The System issues a publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 447 N. Canal, Lansing, Michigan 48917, or by calling 1-800-767-6377.

Township of Saugatuck
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM (Continued):

Funding policy:

Contribution rates for each participating employer and its covered employees are established, and may be amended, by each participating unit. The contribution rates are determined based on the benefit structure established by each employer. Covered employees are not required to contribute to the System. Participating employers are required to contribute amounts necessary to finance the coverage of their employees through periodic contributions at actuarially-determined rates. Administrative costs of the System are financed through investment earnings.

Annual pension cost:

For the year ended June 30, 2005, the Township's annual pension cost was \$38,868, for its defined benefit pension plan. The required contribution was determined as part of the December 31, 2003, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a) AN 8% investment rate of return, net of administrative expenses, b) projected salary increases of 4.5% per year, and c) an added percentage based on an age-related scale to reflect merit, longevity, and promotional salary increases. The actuarial value of the System's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized over a closed period of 30 years as a level percentage of payroll.

Three-year trend information is as follows:

<u>Year ended June 30:</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
2003	\$ 73,173	100%	-
2004	51,416	100%	-
2005	38,868	100%	-

Certain other accounting policies and plan asset matters are discussed in greater detail in the System's actuarial valuation.

NOTE 11 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 12 - CONTINGENCY:

The City of the Village of Douglas has asserted a claim to certain assets, less assumed liabilities, of the Township upon the incorporation of the City in December, 2004. The assertion is subject to the application of the state statute (MCL 117.14) governing the incorporation of a city. The resolution of this claim is not presently determinable.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Saugatuck
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended June 30, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 195,500	\$ 204,500	\$ 230,256	\$ 25,756
Licenses and permits	18,900	18,900	17,768	(1,132)
State grants	170,000	170,000	162,761	(7,239)
Charges for services	67,800	80,800	48,361	(32,439)
Interest and rentals	12,900	14,900	19,811	4,911
Other	33,800	33,800	22,658	(11,142)
Total revenues	<u>498,900</u>	<u>522,900</u>	<u>501,615</u>	<u>(21,285)</u>
EXPENDITURES				
Legislative	3,500	3,500	905	2,595
General government	377,589	293,589	253,345	40,244
Public safety	3,183	3,183	3,183	-
Public works	56,300	69,400	22,336	47,064
Community and economic development	48,328	93,328	105,422	(12,094)
Culture and recreation	12,000	47,000	23,583	23,417
Capital outlay	14,000	31,000	20,483	10,517
Total expenditures	<u>514,900</u>	<u>541,000</u>	<u>429,257</u>	<u>111,743</u>
NET CHANGE IN FUND BALANCES	(16,000)	(18,100)	72,358	90,458
FUND BALANCES - BEGINNING	<u>262,943</u>	<u>262,943</u>	<u>262,943</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 246,943</u>	<u>\$ 244,843</u>	<u>\$ 335,301</u>	<u>\$ 90,458</u>

Township of Saugatuck
BUDGETARY COMPARISON SCHEDULE - Road Fund
Year ended June 30, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 485,000	\$ 485,000	\$ 486,763	\$ 1,763
Interest	<u>1,000</u>	<u>1,000</u>	<u>1,974</u>	<u>974</u>
Total revenues	486,000	486,000	488,737	2,737
EXPENDITURES				
Public works	<u>486,000</u>	<u>486,000</u>	<u>655,129</u>	<u>(169,129)</u>
NET CHANGE IN FUND BALANCES	-	-	(166,392)	(166,392)
FUND BALANCES - BEGINNING	<u>168,732</u>	<u>168,732</u>	<u>168,732</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 168,732</u>	<u>\$ 168,732</u>	<u>\$ 2,340</u>	<u>\$ (166,392)</u>

Township of Saugatuck
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended June 30, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 346,317	\$ 346,317	\$ 346,317	\$ -
EXPENDITURES				
Public safety	<u>346,317</u>	<u>346,317</u>	<u>346,317</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Township of Saugatuck
SCHEDULE OF FUNDING PROGRESS - Employee Retirement System
(Municipal Employees' Retirement System of Michigan)

<i>Actuarial valuation date December 31,</i>	<i>Actuarial value of assets (a)</i>	<i>Actuarial accrued liability (AAL) entry age (b)</i>	<i>Unfunded AAL (UAAL) (b-a)</i>	<i>Funded ratio (a/b)</i>	<i>Covered payroll (c)</i>	<i>UAAL as a percentage of covered payroll ((b-a)/c)</i>
1994	\$ 73,824	\$ 208,973	\$ 135,149	35%	\$ 73,663	183%
1995	83,807	220,304	136,497	38%	74,582	183%
1996	92,889	245,731	152,842	38%	76,965	199%
1997	107,725	470,090	362,365	23%	104,140	348%
1998	137,249	441,318	304,069	31%	140,431	217%
1999	171,241	468,346	297,105	37%	138,741	214%
2000	195,057	513,439	318,382	38%	124,181	256%
2001	198,667	618,374	419,707	32%	95,218	441%
2002	221,458	634,531	413,073	35%	141,520	292%
2003	278,697	660,581	381,884	42%	148,243	258%
2004	294,412	631,120	336,708	47%	152,220	221%

SUPPLEMENTARY INFORMATION

Township of Saugatuck
COMBINING BALANCE SHEET - nonmajor governmental funds
June 30, 2005

	<i>Special revenue funds</i>			
	<u><i>Cemetery</i></u>	<u><i>Community Recreation</i></u>	<u><i>Ambulance</i></u>	<u><i>Interurban Transit</i></u>
ASSETS				
Cash	\$ 77,820	\$ 26,237	\$ 19,722	\$ -
Investments	48	-	-	-
Receivables	<u>21,265</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 99,133</u>	<u>\$ 26,237</u>	<u>\$ 19,722</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities - payables	\$ 268	\$ 26,237	\$ -	\$ -
Fund balance - unreserved, undesignated	<u>98,865</u>	<u>-</u>	<u>19,722</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 99,133</u>	<u>\$ 26,237</u>	<u>\$ 19,722</u>	<u>\$ -</u>

<u>Capital project funds</u>		<i>Total nonmajor governmental funds</i>
<u>Water Project</u>	<u>Sewer Project</u>	
\$ 99,859	\$ 45,438	\$ 269,076
-	-	48
-	-	21,265
<u>\$ 99,859</u>	<u>\$ 45,438</u>	<u>\$ 290,389</u>
\$ 1,558	\$ -	\$ 28,063
<u>98,301</u>	<u>45,438</u>	<u>262,326</u>
<u>\$ 99,859</u>	<u>\$ 45,438</u>	<u>\$ 290,389</u>

Township of Saugatuck

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
nonmajor governmental funds

Year ended June 30, 2005

	<i>Special revenue funds</i>			
	<i>Cemetery</i>	<i>Community Recreation</i>	<i>Ambulance</i>	<i>Interurban Transit</i>
REVENUES				
Property taxes	\$ 57,163	\$ 57,163	\$ 1,436	\$ 117,392
Contributions from local units	21,265	15,000	-	-
Charges for services	9,180	42,822	-	-
Interest	1,162	932	301	-
Other	589	9,084	-	-
Total revenues	89,359	125,001	1,737	117,392
EXPENDITURES				
General government	74,372	-	-	-
Public works	-	-	-	117,392
Culture and recreation	-	203,283	-	-
Health and welfare	-	-	4,832	-
Capital outlay	18,995	-	-	-
Total expenditures	93,367	203,283	4,832	117,392
NET CHANGE IN FUND BALANCES	(4,008)	(78,282)	(3,095)	-
FUND BALANCES - BEGINNING	102,873	78,282	22,817	-
FUND BALANCES - ENDING	\$ 98,865	\$ -	\$ 19,722	\$ -

LANCES -

<i>Capital project funds</i>		<i>Total nonmajor governmental funds</i>
<i>Water Project</i>	<i>Sewer Project</i>	
\$ -	\$ -	\$ 233,154
1,230	-	37,495
76,651	128,634	257,287
-	-	2,395
<u>22,800</u>	<u>-</u>	<u>32,473</u>
 100,681	 128,634	 562,804
-	-	74,372
23,487	83,196	224,075
-	-	203,283
-	-	4,832
<u>-</u>	<u>-</u>	<u>18,995</u>
 23,487	 83,196	 525,557
77,194	45,438	37,247
<u>21,107</u>	<u>-</u>	<u>225,079</u>
 \$ 98,301	 \$ 45,438	 \$ 262,326

OTHER SUPPLEMENTARY DATA

Township of Saugatuck**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$755,000 1998 SPECIAL ASSESSMENT LIMITED TAX BONDS**

June 30, 2005

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>October 1</i>	<i>April 1</i>			
2006	\$ 13,388	\$ 13,388	4/01/06	\$ 35,000	\$ 61,776
2007	12,495	12,495	4/01/07	35,000	59,990
2008	11,603	11,603	4/01/08	35,000	58,206
2009	10,710	10,710	4/01/09	35,000	56,420
2010	9,818	9,818	4/01/10	35,000	54,636
2011	8,925	8,925	4/01/11	50,000	67,850
2012	7,650	7,650	4/01/12	50,000	65,300
2013	6,375	6,375	4/01/13	50,000	62,750
2014	5,100	5,100	4/01/14	50,000	60,200
2015	3,825	3,825	4/01/15	50,000	57,650
2016	2,550	2,550	4/01/16	50,000	55,100
2017	1,275	1,275	4/01/17	50,000	52,550
	<u>\$ 93,714</u>	<u>\$ 93,714</u>		<u>\$ 525,000</u>	<u>\$ 712,428</u>

Township of Saugatuck**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$520,000 1998 WATER SUPPLY SYSTEM REVENUE BONDS**

June 30, 2005

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>October 1</i>	<i>April 1</i>			
2006	\$ 10,710	\$ 10,710	4/01/06	\$ 25,000	\$ 46,420
2007	10,072	10,072	4/01/07	25,000	45,144
2008	9,435	9,435	4/01/08	30,000	48,870
2009	8,670	8,670	4/01/09	30,000	47,340
2010	7,905	7,905	4/01/10	30,000	45,810
2011	7,140	7,140	4/01/11	30,000	44,280
2012	6,375	6,375	4/01/12	35,000	47,750
2013	5,482	5,482	4/01/13	35,000	45,964
2014	4,590	4,590	4/01/14	40,000	49,180
2015	3,570	3,570	4/01/15	40,000	47,140
2016	2,550	2,550	4/01/16	50,000	55,100
2017	1,275	1,275	4/01/17	50,000	52,550
	<u>\$ 77,774</u>	<u>\$ 77,774</u>		<u>\$ 420,000</u>	<u>\$ 575,548</u>

Township of Saugatuck**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$1,385,000 2002 SPECIAL ASSESSMENT LIMITED TAX BONDS**

June 30, 2005

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>October 1</i>	<i>April 1</i>			
2006	\$ 28,099	\$ 28,099	4/01/06	\$ 70,000	\$ 126,198
2007	26,488	26,488	4/01/07	70,000	122,976
2008	25,089	25,089	4/01/08	70,000	120,178
2009	23,653	23,653	4/01/09	70,000	117,306
2010	22,219	22,219	4/01/10	70,000	114,438
2011	20,784	20,784	4/01/11	70,000	111,568
2012	19,331	19,331	4/01/12	75,000	113,662
2013	17,738	17,738	4/01/13	75,000	110,476
2014	16,106	16,106	4/01/14	75,000	107,212
2015	14,419	14,419	4/01/15	75,000	103,838
2016	12,713	12,713	4/01/16	75,000	100,426
2017	10,969	10,969	4/01/17	75,000	96,938
2018	9,206	9,206	4/01/18	75,000	93,412
2019	7,425	7,425	4/01/19	75,000	89,850
2020	5,625	5,625	4/01/20	75,000	86,250
2021	3,750	3,750	4/01/21	75,000	82,500
2022	<u>1,875</u>	<u>1,875</u>	4/01/22	<u>75,000</u>	<u>78,750</u>
	<u>\$ 265,489</u>	<u>\$ 265,489</u>		<u>\$ 1,245,000</u>	<u>\$ 1,775,978</u>